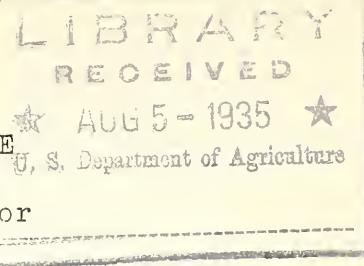


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UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Adjustment Administration  
Alfred D. Stedman, Assistant Administrator  
Director, Division of Information,  
Washington, D. C.



No. 79

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To Editors of Farm Journals:

The following information is for your use.

*DeWitt C. Wing*  
DeWitt C. Wing  
Specialist in Information

#### DIVERSIFIED AND SPECIALIZED FARMING DISCUSSED

An editor, in raising the question of diversified and specialized farming, implies that farmers who practice diversified or mixed farming seek first of all to produce a living. His opinion is that these farmers are always better off than specialized farmers, who farm to make money.

In commenting on this subject, Gerald B. Thorne, Director of the Division of Livestock and Feed Grains in the Agricultural Adjustment Administration, says:

"Diversified farming is widely practiced in some regions, while in various other regions specialized or one-crop farming is the established rule. Specialized farming makes possible and demands efficiencies and economies in production. Every farming system has faults as well as virtues.

"Dairying, wheat growing, cotton growing, fruit growing, corn-hog production, beef cattle raising and sheep and wool production are examples of specialized farming.

"Many farmers in many states combine diversification with specialization; that is, they specialize to the extent of producing corn, hogs and wheat for market, while at the same time they produce other commodities for their own use, with some for sale. This combination system may include a number of products besides those just mentioned, depending on the region in which it is practiced.

"When specialized farmers were farming at a loss and going bankrupt, all other farmers were losing money or using up their reserves and economizing and lowering their standards of living. All farmers, regardless of their farming systems, have a common, vital stake in working together to build and maintain a fair price structure for their products.



"Whether as owners or tenants, most specialized farmers, as well as diversified farmers, produce most of their own living. They are under the necessity of trying to 'produce a living first'. In thousands of instances, their wives grow the garden and berry crops, raise the poultry and milk the cows that provide the bulk of the family food.

"Farmers whose production is highly specialized must make a profit on their specialty, or else fail or change their established system. Farmers who diversify must produce efficiently several commodities to sell at a profit for cash, or else fail or change their system or pay for the privilege of working for nothing. How efficiently do diversified farmers produce what they sell and what they produce for their own use? In the markets, their products compete with those which specialized farmers sell.

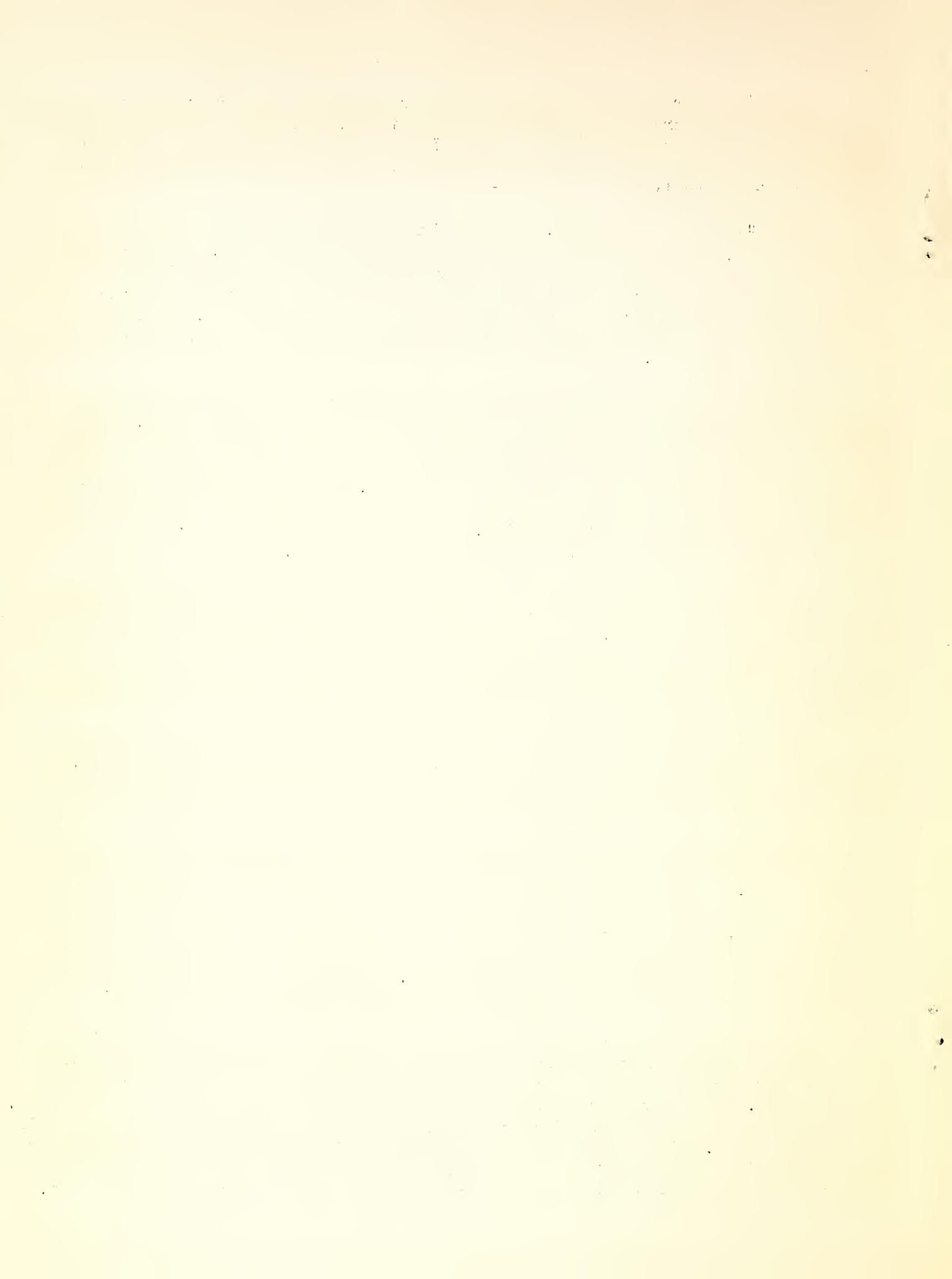
"Owners of debt-free farms temporarily have a larger measure of freedom than debt-burdened farmers to specialize in producing 'a living first'. Every farmer, however, is forced by his economic necessities to try not only to make a living but to make more money than he spends. If he doesn't do so, he must go into debt or draw on his reserve capital, if he has it. He must try to make a profit out of farming as a business in order to make it a self-sustaining mode of living according to decent standards of living. Every farm family's welfare is tied up with the nation's economic system, which is based on profits.

"Living well on farms means that farming must be done successfully; farmers must make a profit. In order to do so, they must produce commodities for sale. In doing this, they compete with one another, directly or indirectly, in the nation's markets. In the case of export crops, like cotton, wheat and hog products, they compete in world markets. These markets are walled high against American farmers, while American tariff walls remain high against imports.

"For many years the domestic market has been and still is the best market for American agricultural products. Its absorptive capacity is limited. If glutted, it will punish producers with unprofitable prices. Farmers always lose money or are underpaid when they produce too much of anything.

"Manufacturers of leading industrial products lay off workers and idle their plants in order to keep their production adjusted to a demand that will yield them a profit. If the big industrialists are not the authors of the production adjustment idea, they have at least been extremely successful in applying it to their own advantage. During the years 1930 to 1933 the farm implement industry, for example, produced only 20 percent of its 1929 output. It thereby kept its prices up to within 5 percent of the pre-depression level. How many farmers would say that farm implements as a whole are more efficient and durable than they were in 1929?

"Specialized farmers farm to make money; they must make money in order to farm. Until the Agricultural Adjustment Act went into effect (in May, 1933), most of these farmers were forced by debts and their desperate need of cash to over-produce. Excessive production depressed their prices to ruinously low levels. At these levels no class of farmers anywhere in the country could sell any basic crop at a profit. Eventually, therefore, a price situation which forced indebted farmers deeper into debt or off the land would have had disastrous effects upon those farmers who happened to be able for a time to farm without making a profit.



"Consequently, all diversified, debt-free farmers, small or large, and all specialized or one-crop farmers in any region of the country have a permanent common interest in the objectives of the Agricultural Adjustment Act. For, by working together under this law, farmers have something effective to say about prices for their products. It provides them with a new power which is increasing agriculture's share of the national income. If this power were misused or abandoned in any farming state, it would tend to become ineffective in every state."

# # #

#### FLOOD DAMAGE SHOWN IN SEVEN STATES

Recent floods in the Mississippi Valley damaged crops in more than 123 counties in five States, a preliminary and partial survey by the Agricultural Adjustment Administration has disclosed. The five States where damage has been listed by counties are Missouri, Arkansas, Colorado, Illinois and Kansas. Flood damage reports also have been received from Oklahoma and Nebraska. The Missouri flood area reported the highest percentage of crop loss - 19 percent of the wheat crop and 9 percent of the corn crop.

In six of the seven States wheat or corn were the chief crops damaged. Reports from 28 counties in Arkansas show that 378,300 acres of crops were flooded. Of these 157,250 were planted to cotton. Estimates for the whole State indicate that 500,000 acres have been destroyed, including 200,000 acres of cotton.

Chester C. Davis, Administrator of the Agricultural Adjustment Act, has reiterated that loss through floods would cause no reduction in benefit payments to signers of AAA contracts. "Full rental and adjustment payments will be made to cooperating producers of basic crops, even if all or part of such crops have been destroyed by floods," he said. "In the case of cotton, contract signers will receive not only the usual rental payments and parity payments, but also their allotted quantity of Bankhead Act tax-exemption certificates. Non-signers also, will get their quota of tax exemption certificates. Thus the adjustment programs of the Agricultural Adjustment Administration have crop insurance features which operate to compensate to some extent for any crop damage, whether flood, drought or from any other cause."

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#### CONTRACTS FOR MILLION CORN-HOG FARMERS

More than a million contracts are in preparation for farmers who wish to participate in the 1935 corn and hog production adjustment program. Reports from state statisticians in the 48 States indicate that 1,032,500 contracts are in some stage of completion for the final signature of applicants. This total number is approximately 10 percent less than the 1,155,000 contracts signed in 1934, partly because many small operators have dropped out of the program and partly because land covered by two or more contracts in 1934 is being covered by one contract this year.



The slight decrease in number of contracts, however, has NOT materially affected the total corn acreage covered by the adjustment program. The 1932-1933 base corn acreage covered by 1935 contracts will approximate 53,580,000 acres as compared with 55,310,000 last year.

Assuming that all reported contracts receive final approval, nearly 12,000,000 acres will be withheld from corn production by farmers cooperating in the 1935 program. This represents slightly more than 22 percent of the signers' total annual corn acreage for the base years. The average appraised yield for the acres shifted from corn is estimated at 27.2 bushels. In 1934, a total of 13,030,000 acres were held out of corn, representing 23.6 percent of the signers' aggregate base corn acreage.

Though the minimum reduction required in corn acreage adjustment is only 10 percent as compared with 20 percent last year, cooperating farmers are holding nearly the same amount of corn out of production this year, because of the great decrease in livestock numbers, and because of a desire for ample crop income insurance. With anywhere near normal weather conditions prevailing during the remainder of the growing season, corn production this year not only will be sufficient to meet all the needs of the present reduced numbers of livestock but also will provide an ample margin for rebuilding reserves depleted by the drought, according to Claude R. Wickard, Chief of the AAA corn-hog section.

Preliminary reports show that the number of hogs on which benefit payments will be made under the 1935 program total about 4,800,000 head. This number represents the total adjustment of the contract signers, each of whom pledged to hold his 1935 market hog production 10 percent under his 1932-33 average. The signer's total hog adjustment under contract represents less than 7 percent of the annual hog production in the United States in 1932 and 1933, as compared with nearly 20 percent last year, when contracting farmers were asked to reduce their market hog production by 25 percent.

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#### 1935 CORN-HOG CHECKS SOON TO MOVE

Auditing of the 1935 corn-hog contracts--the final step preceding actual disbursement of the first 1935 rental and benefit payments to cooperating farmers--is expected to begin by the close of this week, according to Claude R. Wickard, chief of the corn-hog section. Actual distribution of the first 1935 corn-hog payments probably will get under way within two weeks after the audit of the contracts has begun.

Boards of Review in all States were directed on June 28 immediately to transmit to Washington all contracts completed and approved by local and State corn-hog officials as of that date. They have been further directed to continue the flow of additional contracts to Washington as fast as contracts are approved.

With less than 1 percent of the second payments and less than 3 percent of the final payments under last year's program yet unpaid, the Administration is ready to begin distribution of the 1935 payments, Mr. Wickard said. The remaining unpaid contracts under the 1934 program can be handled along with the new contracts.



In practically all of these unpaid cases, the delay in payment has been due to various irregularities requiring additional checking and everything is being done to clear them up. On June 29 a total of \$297,342,177.42 had been paid to farmers participating in the 1934 corn-hog program.

Recent reports from the 48 States indicate that nearly 300,000 1935 corn-hog contracts would soon be ready for transmittal to Washington. It is believed that an additional 500,000 contracts will arrive in Washington before the end of July. The remainder of the 1,032,500 contracts under preparation is expected in August and early September.

The corn-hog payments under the 1935 corn-hog contract will total about \$185,000,000, and will be paid in two instalments. The first instalment, representing roughly one-half of the total, will be paid this summer as soon as the contracts have been audited and accepted for payment by the Secretary of Agriculture. The second instalment will be paid on or after January 1, 1936.

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#### CONCESSIONS ON CORN CONTRACTS IN FLOOD AREAS

Corn-hog contract signers who are seriously affected by recent flood conditions and are making late plantings of corn have been given the option of complying with their acreage allotments under the 1935 contract and receiving adjustment payments or withdrawing entirely from their contracts.

Farmers in flood areas who elect to complete their 1935 contracts must limit their corn acreage to the provisions in their individual contracts, but the adjustment payments they will receive under the contract will serve as crop insurance, offsetting, at least in some measure, the damage and delay caused by recent floods.

The option of withdrawing from the contracts was granted to accommodate producers farming river valley land who wish to make unlimited late plantings of corn in excess of their contract provisions. The six states hardest hit by the recent flood waters are Nebraska, Kansas, Missouri, Colorado, Oklahoma and Arkansas.

Recently, the corn-hog section ruled that farmers who have applied for or signed a 1935 corn-hog contract may arrange to rent out a portion of their farming unit under contract or to operate additional land not under contract in order to meet emergency conditions such as floods, sickness or loss of work stock.

Requests from a number of contract signers in flooded areas asking for an additional modification which would permit them to make unlimited plantings of corn without withdrawing from the contract have not been granted.

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## WHEAT GROWERS CONFER ON 1936-1939 PROGRAM

Wheat farmers representing the principal producing areas of the United States, the National Wheat Advisors, farm leaders, Extension Service workers, and other individuals interested in the wheat program began a series of conferences on July 1 at the Department of Agriculture with officials of the Agricultural Adjustment Administration, preliminary to final drafting of the 1936-39 wheat contract.

The contract, in tentative form, was submitted to the farmer representatives for suggestions and recommendations based upon their experience in administering the present program in the wheat areas. It is expected that the new contract will follow the basic outlines of the present one, with such changes as experience has indicated to be necessary.

Secretary Wallace, who opened the conference, emphasized the progress that wheat farmers of the country have made in adapting their operations to the changed conditions of wheat production.

"The leadership exerted in the wheat regions by farmers themselves has been of such a quality that truly remarkable progress has been made in learning the fundamentals of the wheat problem," Secretary Wallace said. He emphasized that the fundamental problem facing wheat farmers was whether they could find an export market at a fair price for wheat grown in excess of domestic requirements. He stated that until such export outlets are found, he believes farmers will hesitate to give up their adjustment programs.

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A proposed new basis for making wheat adjustment payments was tentatively approved by the farmer-representatives from the principal wheat States, who met with Agricultural Adjustment Administration officials.

The new basis would protect farmers against declines in price through adjusting the final payment each year to the actual difference between the average farm and parity prices during the year.

Under the proposed plan, if wheat prices fell during the year, the final payment would be larger. If prices rose, the payment would be less. It was pointed out that if prices rose, farmers would be able to market their entire crop at higher prices, and that if prices fell, producers would be assured of parity on their allotments.

In addition to considering the basis of adjustment payments, the farmer delegates have discussed the use to be made of land held out of production, urged that county production control committees be given discretion in handling cases where evasion of the intent of the contract is apparent through changes in landlord-tenant relationships, and pressed for development of some procedure which will allow farmers who have had acreage allotments much smaller than good farming practice allows to have somewhat larger allotments.

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The wheat representatives favored the proposed new basis for making adjustment payments because it would make possible adjustment payments more nearly in line with actual prices received by farmers. Under the proposal, the first installment would be made much as now, being approximately two-thirds of the difference between the current average farm price and the parity price at the beginning of the market year. The final payment, however, would not necessarily be the remaining third of the difference between farm and parity prices at the time the first payment was set, but would be adjusted so that the final payment would result in a total payment equivalent to the difference between the average farm and parity price, averaged for the full marketing year.

For example, if the difference at the beginning of the marketing year between the average farm and parity price was 30 cents a bushel, the first adjustment payment would be 20 cents a bushel. If this difference remained at 30 cents during the year, the final payment would be 10 cents a bushel, less a deduction for local administrative expenses. If prices dropped, however, and the difference between farm and parity price averaged 40 cents a bushel for the marketing year, then the final payment would be on the basis of 20 cents a bushel.

The delegates considered also the possibility of making adjustment payments for each year in a single payment. This would reduce the clerical work necessary in Washington, and make it possible to get out checks to farmers without long clerical delays caused by making payments in two installments. By making a year's payments in the form of a single check, the date would be later than that of the first check but earlier than the date of the second check under the two check system.

The majority of the delegates urged a tightening up of the restrictions governing the use of land taken out of cultivation under adjustment contracts. Farmers from the western States especially declared that local administration became more difficult as the bars are let down on the use of these areas. They favored limiting the use of this land strictly to summer-fallow, erosion-preventing crops, and to a few forage crops.

Although the discussions on the features of the new wheat program was sharp at times, decisions of the major features of the contract were virtually unanimous.

Although the present contract provides that a reduction of as much as 25 percent from the base acreage may be asked, no action on the reduction for the coming year will be made at this time. The determination of the reduction to be asked will be made somewhat later this year when the crop for this year is more definitely known.

Opinion of the delegates was practically unanimous that the county allotment committees should be given discretion to approve changes in landlord-tenant relationships in order to protect tenants from being deprived of their normal share of the adjustment payments through changes in lease arrangements. The delegates believe that county allotment committees who were familiar with the local situation could be entrusted with the settling of cases in dispute.

Another feature of the new contract which was favored by farmer representatives is a provision whereby a farmer signing a contract may designate a beneficiary who will be entitled to receive the adjustment payment in the event of the death or disappearance of the signer. This provision has been proposed mainly



in order to care for cases where widows and children who need adjustment payments badly, and who under the present system are subjected to long delays in getting the payments.

The delegates emphasized that when the original wheat contracts were signed many farmers signed up from patriotic motives, even though it resulted in their receiving sharp reductions in acreages. Certain farmers who reduced acreage during the base period found themselves cut to acreages which are not economically efficient for them. The new program should allow for adjusting these cases, Adjustment Administration officials were told by the farmers. They suggested that some acreage allotments might be taken from farmers who received larger than normal allotments, or that the adjustments might be made and the national acreage reduction made somewhat larger in order that the total wheat acreage of the country be kept within reasonable limits.

The representatives urged that present restrictions in the contract prohibiting assignments of benefit payments be continued, although they agreed that certain exceptions might be made in the case of agents who manage farms for estates, or under similar arrangements.

The provision that violators of the contract should be subject to the loss of further adjustment payments and repayment of the previous years payments was approved by the producers.

# # #

#### SECRETARY PROCLAIMS BENEFIT PAYMENTS ON RYE

A proclamation that rental or benefit payments are to be made with respect to rye, a basic agricultural commodity, has been signed by Secretary of Agriculture Wallace.

The proclamation preceded by a day a meeting of representative growers from 16 important rye-producing States called by the Agricultural Adjustment Administration for July 3 to consider a rye adjustment program.

States which produce about 90 percent of the rye crop of the United States include Illinois, Indiana, Kansas, Michigan, Minnesota, Missouri, Montana, Nebraska, North Dakota, South Dakota, Ohio, Pennsylvania, New York, New Jersey, Wisconsin, and Iowa.

A rye adjustment program in the United States is considered necessary because of the need for establishing a balance between production and consumption and restoring rye to a fair exchange value. The prospective rye production in this country this year was estimated as of June 1 at 44,000,000 bushels. Last year the production was only 16,040,000 bushels, while the five-year (1929-33) average is 35,167,000 bushels.

The annual consumption of rye in the United States averages about 32,000,-000 bushels. Of this, 6,000,000 bushels is used for seed; 8,500,000 for distilling; 7,500,000 bushels for flour; and 10,000,000 for feed, commercially and on farms.



Farm prices during 1934-35, when rye was on an import basis, averaged about 71 cents a bushel, but with an exportable surplus of rye forecast, farm prices have declined in recent months. As of June 15, the estimated average farm price was 53.7 cents a bushel, as compared with a fair exchange value of 91.4 cents a bushel, making the average farm price 37.7 cents per bushel below fair exchange value.

Proposed amendments to the Agricultural Adjustment Act, now pending before Congress, would provide for a processing tax of 30 cents a bushel on rye. This would be levied for the period from August 1, 1935, to December 1, 1937.

# # #

Representatives of rye producers of fourteen states met in Washington July 3 with Agricultural Adjustment Administration officials, and worked out a tentative outline for a rye production adjustment program. The group favored a four year program with one year contracts, to run parallel with the new wheat contract; the establishment of base production for harvested rye only, and local administration through machinery already established for wheat production control. Base production figures would be worked out from both harvested acreage during a base period to be determined, and from yield per acre figures over a longer period.

"These tentative policies, recommended in the conference, will be given careful consideration by Agricultural Adjustment Administration officials in drafting the rye contract", said George E. Farrell, director of the Division of Grains, who presided at the conference. The tentative contract will be submitted to a committee of rye farmers for final approval. Rye is used for human consumption, for feed, for hay; or it may be plowed under to improve soil. The farmers' recommendation finally called for control only of harvested rye or of mature rye fed to livestock. Planting by contract signers would be unrestricted, except that they would have to plant a certain percentage of their base harvest acreage. Then, some time in April when the rye crop prospects could be checked against national requirements, the Adjustment Administration would decide the percentage of the base which could be harvested. If crops were short and requirements high, it would be possible for contract signers to harvest more than their base allotments. Signers would be bound to harvest a minimum of their harvest base.

Allotments by states and counties would be based on acreage and yield records. Allotments to individuals would be based on both records and the discretion of the county control associations, according to rules and regulations to be determined.

Rye producers also recommended the crop insurance feature, contained in other adjustment contracts.

If the provision incorporated in the amendments to the Adjustment Act is approved by Congress, a processing tax of 30 cents a bushel would become effective August 1; otherwise the Secretary of Agriculture would proclaim a tax under the existing provisions of the Act.

Benefit payments would be made on that portion of the crop used domestically for human consumption. This has been estimated at about half the annual disappearance of rye as grain, or about 16,000,000 bushels. The 30 cent tax on



rye processed for human use would mean benefit payments of 20 cents or more on a half of each contracting farmer's base production.

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#### FULL BENEFITS ON FLOODED COTTON LAND

Cotton farmers of the lower Mississippi valley whose lands have been flooded will receive the same rental payments and parity payments which would have been made if their crops had not been damaged. W. B. Camp, acting director of the AAA Cotton Division, in answer to a number of inquiries from cotton producers in the flood area who have been unable to plant cotton on some or all of their acreage, said:

"The terms of the contract state that the regular rental and benefit payments will be made in 1935 to contracting producers, even if they do not plant any cotton because of drought or flood. This clearly means also that allotments, and tax-exempt certificates under the Bankhead Act will be issued to producers who planted cotton on lands that were flooded. Contracting farmers, no matter if all or part of their crop is damaged, will get exactly the same rental and benefit payments, and tax certificates that they would have received if there had been no floods. The regulations also provide that producers may sell tax-exempt certificates in case they do not grow their full allotment of cotton covered by the certificates. Producers whose cotton has been destroyed by floods may plant the permitted cotton acreage to corn or any other crops except wheat, rice, tobacco and peanuts and may sell such crops."

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#### COTTON PRICE FIXES BANKHEAD GINNING TAX

The Agricultural Adjustment Administration has announced that 12 cents a pound has been determined as the average price of lint cotton on the 10 designated spot cotton markets for a representative period, as the base for determining the rate of the tax on the ginning of cotton under the Bankhead Act. This determination by the Secretary, under the Act, automatically fixes the tax itself at 6 cents a pound. The determination proclaimed and in effect for the 1934-35 cotton season was 11.34 cents a pound, with the tax at 5.67 cents a pound.

Under the Act, the average central market price per pound for basis 7/8-inch middling spot cotton on the 10 designated spot markets constitutes the base for computation of the tax levied on the ginning of cotton in excess of the producer's allotment of tax-free cotton. A total of 10,500,000 bales (500 pounds net weight each of tax-exempt cotton for the current year) already has been allotted to producing States.

The Act fixes the rate of the tax at 50 percent of the proclaimed price, but in no event at less than 5 cents a pound. The price proclaimed by the Secretary, to be used under the Act as a base until a different market price shall be determined and proclaimed, was certified as the average central market price over a representative period for 7/8 inch middling spot cotton on the following markets



designated under the Cotton Futures Act: Augusta and Savannah, Ga.; Dallas, Houston and Galveston, Texas; Little Rock, Ark.; Memphis, Tenn.; Montgomery, Ala.; New Orleans, La.; and Norfolk, Va.

The ginning tax is collected under the direction of the Bureau of Internal Revenue.

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#### AAA RELIEF BUTTER AND CHEESE AWARDS

A total of 3,284,500 pounds of Government purchases of fresh butter were awarded to six concerns in New York and 50,000 pounds of Cheddar cheese, twin style, were awarded to one firm in Wisconsin by the Agricultural Adjustment Administration committee on June 27, after final conference on bids submitted. The bids on cheese were not satisfactory except in the one instance, as the differentials named were deemed too high. Further purchases will probably be made of both butter and cheese, either on bids or on the open market.

Only a small portion of the 3,284,500 pounds of butter was lower than 92 score and none was lower than 90 score. The weekly average deliveries accepted amount to 656,900 pounds. The butter will be bought with differentials ranging from eighteen one-hundredths of one cent to seventy-four one-hundredths of one cent per pound over and above the outside quotations for fresh butter on the New York and Chicago markets as established and published by the Bureau of Agricultural Economics. All butter and cheese will be turned over to the Federal Surplus Relief Corporation for distribution to the unemployed.

# # #

#### MILK LICENSE AMENDMENTS AND TERMINATIONS

The Agricultural Adjustment Administration denies rumors and unauthorized statements recently current in the Greater Boston milk sales area to the effect that the existing license established there at the request of producers would be abandoned and all efforts to stabilize the market by the Federal Government would cease on July 1. On the contrary, the Agricultural Adjustment Administration has declared that it is not the intention of the Administration to terminate the license for Boston or to withdraw from the market unless and until requested to do so by a definite majority by volume of the New England milk producers serving the area.

Furthermore, it is pointed out that the Agricultural Adjustment Administration has requested the Department of Justice to initiate legal proceedings for an appeal from the adverse decision of Judge Brewster in the Seven Oaks and Westwood Farms case, and that it will continue to press for action in this matter. All statements circulated to the prejudice of the license by claiming it will be cancelled are unfounded.

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The first change in the Fort Wayne, Ind., milk license instituted by the Agricultural Adjustment Administration on July 1, 1934, became effective June 19. In addition to its being redrafted to conform to the improved standard, the amended license provides an increase in the purchase price of Class I milk testing 4 percent butterfat from \$1.85 per 100 pounds, or 3.8 cents per quart, to \$2 per hundredweight, or 4.3 cents a quart, f.o.b., the plants in the sales area. The amended license further sets up four classified uses of milk as sold by distributors instead of three, as before. No change is made in the established minimum basis for payment to producers on Class 2 milk used for cream, or Class 3 milk, which is milk not used in any of the other three classes.

A new classification, to be known as Class 4, to include milk used for making butter, is included in the amended license for the first time. According to the schedule, milk in this class will be paid for per hundredweight by multiplying the average price of Chicago 92 score wholesale butter by four and then adding 10 cents.

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In the amended milk license for the sales area of Kansas City, Missouri, which went into effect July 1, the principal changes affect the sales area and the relationship of producers who bottle and distribute their own milk. Class 1 milk remains as before at \$1.87 per 100 pounds on deliveries testing 3.8 percent butterfat; the other two classes are still based on the current wholesale quotation on 92 score butter at Chicago. Now <sup>the</sup> sales area is restricted to the corporate limits of Kansas City, Mo., instead of the definition used since April, 1934, including Greater Kansas City in both States and Independence, Mo. To enable distributors to meet competition from uninspected milk in outlying districts, the amended license allows the market administrator to make adjustments in cost to them on all milk sold outside the sales area in Classes 1 and 2.

Farmers who bottle raw milk and sell it to processors for distribution are left in the classification of original producers. All milk produced for direct sale by producer-distributors is excluded from the computations required in the general pool account, with the option given them to report and account to the pool if they desire. Distributors are required to establish financial responsibility by furnishing bond or other adequate security equal to the value of milk they buy from producers during any one delivery period.

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An amended license for the San Diego Sales area became effective June 19. It contains the following changes: First, reduction of Class I price from 67 cents to 64 cents a pound of butterfat; second, the subjection of emergency milk to the same deductions as that for the regular milk of local producers; third, an alteration in the base-transfer rules, which permits the transfer of entire herds to other persons, whether producers or otherwise, and, the transfer of pro rata shares of a producer's base upon the sale and delivery of at least ten cows; and fourth, the elimination of the resale schedule from the license.

# # #



With the approval of agencies on the market, an amended license for the Lincoln, Nebraska, sales area was completed by the Agricultural Adjustment Administration, and became effective June 19.

The introduction of the base-surplus method of payment to producers to encourage more even deliveries, the creation of a new fourth class for milk used in making butter or cheddar cheese, and a slight reduction in the Class I milk price payable to producers are the leading modifications of the license found in the amended document.

Change from a straight pool plan of pro-rating returns to all producers to the base-surplus method is desired on the market in order to eliminate serious differences in the volume of milk delivered from season to season, and to reward producers for delivery of a more uniform supply for the market throughout the year. It is pointed out that the base-surplus plan is not a production control device. Under the amended license, the bases for producers will be established equitably under the supervision of the Market Administrator.

Class I milk is listed in the schedule of the amended license at 50 cents a pound of butterfat. In the original license first instituted, the price to producers was 45 cents a pound of butterfat, increased to 54 cents by amendment in August, 1934. The reduction of 4 cents a pound of butterfat or about 16 cents per 100 pounds of 4 percent milk, is deemed advisable under present supply and demand conditions.

The newly added Class 4, to include milk used in making butter and cheddar cheese, carries a scheduled price per pound of butterfat equal to the average wholesale price at Chicago of 90 score centralized carlot butter, plus or minus at the rate of one-fourth of one cent according to each variation of one cent in the Chicago butter price above or below 20 cents a pound.

Changes in the terms and provisions of the milk license for Leavenworth, Kansas, are included in an amendment completed by the Agricultural Adjustment Administration and became effective June 20. Four principal modifications are found in the amendment, drafted at the request of agencies on the market to meet practical conditions at present. The amendment obligates distributors to pay 50 cents a pound of butterfat in Class I milk hereafter instead of 60 cents a pound as set forth in the original license. However, the amendment also provides that all milk used to produce sweet cream for the market must be included in the Class I or fluid milk classification hereafter, which will be of advantage to producers.

The third provision establishes the price for Class 3 milk on the basis of Chicago 90 score wholesale butter quotations plus 2 cents a pound of butterfat, instead of using the former 92 score butter price, in determining the value of such milk. Lastly, the amendment provides that the uniform deduction payable to the market administrator for the performance of general services to producers will be increased from 3 cents to 5 cents per hundredweight of milk delivered.

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To give expression to changes in the terms of the Topeka, Kansas, milk



license which have been agreed to by producers and distributors to meet practical conditions on the market, an amendment to the license has been completed by the Agricultural Adjustment Administration, and it became effective June 14. One of the two important modifications obligates distributors to pay 50 cents a pound of butterfat for all milk used in Class I sales instead of 60 cents a pound as before. Increased production and a decline in the butter market are the chief reasons for making the change in price. The second modification gives producers new advantage by providing that hereafter all sales of sweet cream will be included in Class I or fluid milk sales for purposes of payment to producers. Sweet cream was formerly in Class II.

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A slight reduction in the minimum price for Class 1 milk payable to producers in the Denver sales area, together with inclusion in the Class 3 schedule of all evaporated milk not sold by handlers in hermetically sealed cans, are changes made by amendment to the Denver milk license which became effective on July 1. Instead of 60 cents a pound of butterfat payable to producers on all sales of Class 1 milk delivered to plants within the area, the price under the amendment is 55 cents a pound of butterfat. This change was deemed advisable owing to a somewhat increased production in relation to current demand.

Inasmuch as the existing evaporated milk agreement and license instituted by the Agricultural Adjustment Administration governs the minimum price at which milk may be purchased from producers for this industry in the Colorado region, and because it is customary for some handlers to dispose of evaporated milk to ice cream plants and other outlets without sealing it in cans, the amendment equalizes the market in this respect. This is accomplished by including in Class 3 all milk purchased for evaporating purposes where it is not put into hermetically sealed containers.

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The Agricultural Adjustment Administration has announced the termination, effective July 1, of the old license for the Philadelphia milk sales area which was instituted in 1933 to accompany a marketing agreement. In January, 1934, thirteen then existing milk marketing agreements were terminated by the Secretary of Agriculture, of which the Philadelphia agreement was one. The licenses were not cancelled at the time. The action merely eliminates an inoperative instrument, as no action on the part of the Federal authority regarding the Philadelphia license has been taken since the termination of the original agreement.

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The termination of the inoperative milk license for Southern Illinois became effective June 25.

The license was originally requested by producers in the summer of 1934. Its effective operation was held up by a restraining order issued in District Federal Court, which prevented use of the license in the area.

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Termination of the milk licenses covering prices, terms and conditions of distribution in the Fort Worth, Texas, and Los Angeles, California, sales area became effective July 1.

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Dr. Fred Walmsley's appointment as market administrator for the Detroit milk license area, succeeding E. M. Bailey, former administrator, who resigned, became effective July 1. Mr. Bailey has served as market administrator in Detroit since April, 1934. Dr. Walmsley is one of the best known fluid milk specialists in the Middle West. At one time, he practiced veterinary medicine. For several years he served as an officer of the Borden Farm Products of Illinois, with headquarters at Chicago.

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#### GROWERS OF FLUE-CURED TOBACCO 9 TO 1 FOR PROGRAM

The Agricultural Adjustment Administration has announced that virtually complete returns for the referendum, conducted in June to determine whether flue-cured tobacco growers desire an adjustment program to follow the one which expires with the current season, show that of the 83.3 percent of the eligible voters voting, 98.2 percent voted in favor of an extension of the program.

All share croppers, share-tenants, renters and landowners engaged in the production of flue-cured tobacco were eligible to vote. Flue-cured is produced chiefly in North Carolina, South Carolina, Virginia, Georgia and Florida. Returns received accounted for 225,880 persons eligible to vote in the referendum.

Of the number of eligible voters, 188,163, or 83.3 percent, actually voted. Of those voting, 184,755, or 98.2 percent, voted in favor of a program to follow the one which expires this season, and 3,408, or 1.8 percent, voted against such a program.

On July 27 growers of Burley, fire-cured and dark air-cured tobacco will vote in a referendum to determine whether they favor production adjustment programs to follow the present programs, which expire with the 1935 crop. This decision was reached after conferences with growers' Advisory Committees. Burley tobacco is grown chiefly in Kentucky, Tennessee, Virginia, West Virginia, Ohio, Indiana, Missouri, and North Carolina. Fire-cured tobacco is grown in Kentucky, Tennessee and Virginia. Dark Air-cured tobacco is grown in Kentucky, Tennessee, Virginia, and Indiana.

Persons eligible to vote include all share-tenants, share-croppers, renters and landowners who are engaged in the production of one or more of these types of tobacco, regardless of whether they have signed adjustment contracts.

Ballots which are signed may be returned to the county agent's office at any time before July 28, 1935. Unsigned ballots will be accepted on July 27, the final voting day, if deposited by the voter at the official polling place at



the county agent's office.

As ballots are received in the county agent's office prior to July 23, they will be checked against the list of eligible voters. Any names not included on the voting list may be added and the votes accepted for such persons if it is determined they are engaged in growing tobacco.

While the details of the 1936 program, should one be favored, have not yet been definitely formulated, each ballot has printed on the back an outline of the principal features under consideration for possible incorporation in a new program.

These features include: (1) Use of the previously established base, except when it is clearly evident that such a base is exceptionally high or low as compared with the base of other farms similarly situated; in which cases an effort will be made to eliminate the inequalities by minor upward or downward adjustment. (2) Maintaining production at a level sufficiently below consumption to reduce surplus stocks with the rate of reduction from the base not to exceed 50 percent in the case of Burley, and 40 percent in the case of other types. (3) Payments at such rates as would tend to maintain producers' income from tobacco at a level equal to the fair exchange value for the domestically consumed portion of the crop.

# # #

#### EMERGENCY SEED STOCKS TRANSFERRED

With planting requirements amply met, the remaining reserves of the Government's emergency drought seed supply have been transferred from the Seed Conservation Committee to the Federal Emergency Relief Administration and the Soil Conservation Service of the Department of Agriculture.

Latest reports show that before the transfer the Seed Conservation Committee had sold to farmers in the former drought area enough seed to plant more than 4,000,000 acres the past spring. Growers thus have been insured against shortage of seed in localities where the supply conserved by the Federal Government was needed to supplement seed available from growers and through regular trade channels.

As reported to date, the committee's total sales to farmers include about 1,700,000 bushels of seed wheat, 2,850,000 bushels of seed oats, 600,000 bushels of malting barley, 175,000 bushels of feed barley seed, 100,000 bushels of seed flax and 1,000,000 pounds of grain sorghum seeds. Official information as to total sales by the Committee will not be available until final reports are in from the more than 2,000 bonded agents who have been handling the Committee's seed sales in the drought area.

Official estimates are that enough high quality seed from the Government's emergency supply has been planted to produce between 60,000,000 and 80,000,000 bushels of seed grain. This supply of seed, plus certified seed produced in 1935 by growers belonging to state crop improvement associations and by other seed producers, is considered ample to protect the Northwest and other parts of the drought area from any chance of a shortage of good seed. Thus farmers are assured that there will be no lack of adapted varieties which have been selected and developed over a long period of years by careful plant breeders and growers.

the following table.

Fifty thousand bushels of seed oats and seed barley reserves remaining in South Dakota were turned over to the South Dakota Rural Rehabilitation Corporation and Wind Erosion Control Committee for similar use in warding off return of damaging dust storms.

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The Seed Conservation Committee has turned over to the Soil Conservation Service upwards of 600,000 pounds of hegari and dwarf milo seed, which will be used for strip planting in dust-blown drought sections of Texas, Oklahoma and Kansas.

The Soil Conservation service will distribute the seed in designated areas to cooperating farmers who agree to plant vacant acres and to leave a high stubble to provide cover for the land. Planting is expected not only to conserve the acreage planted, but to protect crops in nearby fields from blowing soil.

The seed transfer is the second within a short time. A few days ago the Seed Conservation Committee gave the Soil Conservation Service seed for emergency use in Texas, Colorado and South Dakota. The seed turned over by the committee is part of the supply of tested adapted seed purchased when there was fear that drought would cause a shortage of proper seed for planting in the dry area. Such seed has been sold in areas where it was needed, and where regular commercial channels could not supply it. The seed was bought with funds granted by Congress to the A.A.A. for that particular purpose.

By now, the advisability of holding the hegari and dwarf milo seed for regular crop planting appears to have passed. The remaining hegari and milo therefore was designated as surplus, and as such was turned over to the Soil Conservation Service of the United States Department of Agriculture for use in cooperation with farmers in the drought area of the Southwest. It will be used to control losses from wind blowing and to provide additional forage.

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#### LAND USES IMPROVED BY THE AAA

The following are excerpts from a statement recently prepared by Joseph F. Cox, Chief of the Replacement Crops Section of the Agricultural Adjustment Administration:

With the Agricultural Adjustment Administration in its third year, an opportunity is offered to measure its effects on the prosperity of farmers and upon farm practices of vital interest to farmers and the nation as a whole.

The primary purpose of the Adjustment Act was to secure parity prices for basic agricultural products in surplus, and to improve prices and marketing conditions for special crops and agricultural products through marketing agreements.

The manner in which agriculture was advanced on the way toward prosperity



is now a matter of history. Growers of wheat, corn, cotton and tobacco have prospered materially under the adjustment program. Pork and milk producers and producers of special crops who availed themselves of its privileges have also benefited.

The emergency of the 1934 drought was met effectively largely through the agency of the Adjustment Administration; a situation that might have been far more disastrous was greatly ameliorated until rain brought widespread relief.

For the first time in history the Adjustment Act made it possible for farmers to cooperate in a large way in order to secure improved prices for basic commodity crops. As basic commodity prices approached parity, land values were strengthened and major manufacturing industries materially benefited by improvement in the purchasing power of farmers.

A less spectacular benefit to agriculture and to the nation as a whole, but possibly of as great ultimate importance, has been the advancement of sound farm practices resulting from the adjustment use of surplus-producing acreage taken out of the production of corn, wheat, cotton and tobacco as "contracted" or "shifted" acreage.

During the three growing seasons of its history, the Agricultural Adjustment Administration has emphasized the increase in acreage of soil-improving and erosion-preventing crops, the grasses and legumes, as an essential and positive part of the program of balancing the production and marketing of basic surplus crops. This program has been achieved through the inclusion of the contracted or rented acreage feature in contracts signed by more than 3,000,000 basic-surplus producers.

The replacement crop program of 1934 controlled the use of 36,000,000 acres of contracted acreage retired from the production of corn, wheat, cotton and tobacco. About one acre out of every nine of cultivated land in America was involved as contracted acreage. More than one-third of this acreage was planted to erosion-preventing and soil-improving crops, chiefly pasture and meadow crops, and approximately one-third was used for emergency forage crops and crops for home food and feed purposes and less than one-third fallowed to conserve moisture and control weeds or left idle.

In 1935 approximately 25,000,000 acres are included as contracted or shifted acreage. This "adjustment acreage", as it may be called, is the land on which the majority of 3,000,000 or more farmers cooperating in the program have made progress in the adjustment of their rotations and farm practices to achieve an increased acreage of grasses and legumes.

Seed supplies of adapted alfalfa and lespedeza, sweet clover and soybeans and grasses were used in a larger volume than ever before.

In 1934 the legume acreage in Illinois increased by approximately 400,000 acres; and in 1935 the estimated acreage of legumes increased in that state by over 1,000,000 acres. The total acreage in 1933 in Illinois of all legumes, soybeans, alfalfa, sweet clover, cow peas, lespedeza and the clovers, was 2,524,000 acres. In 1935 this acreage was estimated as 3,936,000, an increase in two years of more than 60 percent.



Dr. P. E. Johnston, specialist in Farm Management, University of Illinois, reporting on farm management studies, gives the following evidence of the influence of the use of the contracted acreage on the farm practice of 810 farms of farm account cooperators. These farms have an average of 19.4 contracted acres per farm. This land was used for the following purposes:

Planting to alfalfa.....	13.9%
Sweet clover.....	18.2
Other clovers.....	21.6
Soybeans and cow peas.....	23.1
Timothy and redtop.....	3.4
Other crops.....	6.7
Idle land.....	13.1

Approximately four-fifths of the contracted acreage on these 810 farms of account cooperators was planted to legumes. It is apparent that the adjustment program, in providing the permissive use of contracted acreage for grass planting, has been a major factor in expediting substantial increases in acreages of legumes and grasses on land that previously produced corn and wheat in excess.

This is an adjustment in farm practice long recommended by farm management specialists and agronomists, based on the facts shown by the famous Morrow soil-fertility and rotation plats and the Illinois farm management studies.

The recent dust storms and violent floods have made the nation conscious of the tremendous loss to the soil through erosion. Great as the damage is from these agencies, a far greater loss takes place unobtrusively through the general sheet erosion of the surface soil of our cultivated lands.

The Soil Conservation Service estimates that where plowed crops are grown continuously, the valuable surface layer is being removed by erosion in from 7 to 75 years, according to the slope and character of the soil and the rainfall. With this top layer gone, the farmer becomes a subsoil farmer, with the productivity of his soil reduced from 2 to 40 times.

Every year erosion removes from our fields approximately 20 times as much plant food as is removed in harvesting crops. The Soil Conservation Service estimates that already 35,000,000 acres of formerly cultivated land, equivalent to 220,000 one hundred and sixty-acre farms, have been permanently destroyed for crop production in this country, mostly by gullies; and that approximately 125,000,000 acres of the 350,000,000 acres now in cultivation have lost all or the principal part of the original productive surface soil chiefly through sheet washing.

The best corrective of this great source of loss is the increase in the acreage of legumes and grasses, whose top and root growth prevent the surface soil from washing. The legumes, such as lespedeza, alfalfa and clovers and permanent pasture and range grasses, are particularly valuable in stopping erosion, increasing the humus content of the soil and conserving and improving fertility.

The foundation of America's "ever-normal granary" is her soil. To permit the continued impairment of this great national resource would greatly lessen



the prosperity of future generations. The individual farmer trying to make a living on a badly eroded farm is fully aware of the disastrous effect on his personal means of livelihood from the washing away of his fertile top soil. He knows also the sad heritage that is left to his children where erosion has not been prevented.

The Adjustment Administration has placed positive emphasis on the increased acreage of erosion-preventing crops and grasses and legumes in place of cultivated crops produced in surplus. It is estimated that possibly an increase of 8 or 10 million acres in this class of crop has been achieved during the past three planting seasons. In the continuation of this program, an additional 20,-000,000 acres of cultivated land devoted to grasses and legumes and trees will reduce erosion losses and improve fertility to a great degree.

While over \$750,000,000 has been added to the direct income of farmers through adjustment contract payments, the carrying out over a period of years of the proper adjustment of rotation practices may add an equal amount to the potential value of land being farmed.

Instead of a program of scarcity, as has been charged by the uninformed, the adjustment program is one of conservation, and looks toward the production of enough of all basic surplus crops for domestic and foreign markets and for new manufacturing purposes, protecting the interest of the public by maintaining controlled surpluses.

The contract payments received by cooperating farmers furnished the means to many for the purchase of seed of grasses and legumes to plant the contracted or shifted acreage.

The program makes use of the land taken out of production of crops produced beyond all needs in a definite program of soil improvement and conservation. Within a relatively few years, marked increase is shown in the potential power of our cultivated land, improved farming systems and increase in the profits of individual farmers through reducing the production of surplus crops. With fertility resources maintained and improved, the nation will be assured that all food needs and the needs of agricultural products for manufacturing will be far better taken care of through the adjustment program than under the wasteful practices of the past. The program is one that Secretary Wallace justly terms "a program of balanced plenty".

As stated by Administrator Chester C. Davis, "there is opportunity now to replace temporary measures, appropriate only to extraordinary conditions, with an agricultural policy looking toward long-time objectives. Agriculture will aim to put its own lands in better order, and tie in with various adjustment programs long-time objectives of efficient land use. Taking account of past mistakes - misguided settlement, too-intensive cultivation, soil erosion and depletion, over-production, over-grazing and abuse of the public domain - a corrective program through a broad policy of land use based on national welfare is indicated."

Reports from a number of states indicate the constructive uses being made of the contracted acreage. During the past three years, farmers have been planting an increased acreage of legumes, establishing improved pastures, growing



more erosion-preventing and soil-improving crops in general. Also they are producing a much greater amount of food crops for home consumption and feed crops for livestock producing for the farm family.

In the states of the Cotton Belt the "live-at-home" program long advocated by southern agricultural leaders has been materially advanced by the use of contracted acreage for home food and feed crops. Lespedeza has made a remarkable spread throughout the Cotton Belt and the southern part of the Corn Belt. It is recognized as one of the most effective erosion-preventing and soil-building legumes. Terracing and contour-plowing and strip-cropping have been advanced by the application of these methods of erosion control in connection with the use of the contracted acres.

In wind-blown areas of Texas and Oklahoma and Colorado, the program of planting the contracted acreage includes strip-cropping and the planting of dwarf milo, feterita, hegari and other adapted sorghums to prevent further dust storms.

In Kansas and Nebraska, particular stress is being placed on the increase of sweet clover and alfalfa on the contracted acreage and the planting of sorghums, sudan grass and millet in order to provide needed pasture and roughage and to prevent wind erosion.

In the Dakotas and Montana, alfalfa, sweet clover, brome grass, crested wheat grass and quick-growing roughage crops were largely planted on the contracted acreage.

In the Pacific Northwest, erosion-control was of major interest and the planting of alfalfa, sweet clover and clovers and adapted grasses was extensive on the contracted acreage.

In Iowa, Missouri and other Corn Belt States, where the drought was severe and chinch bug damage expected, the planting of soybeans on the acreage retired from corn and on the wheat contracted acreage was greatly increased. Alfalfa, lespedeza, sweet clover and clover and pasture grasses were important crops on the contracted acreage in these states.

In the Lake States of Michigan, Wisconsin and Minnesota, the planting of alfalfa, sweet clover and clover was of greatest importance on the contracted or shifted acreage.

Pasture and meadow crops and farm woodlots furnish valuable feed and cover for wild life of all kinds. The clovers, lespedeza, alfalfa, meadow grasses and the like not only provide an abundance of seed as feed for game birds and song birds but harbor insects that also furnish abundant feed during the greater part of the year. The planting of farm woodlots and trees for windbreak purposes, as permitted on the contracted acreage, will provide havens of refuge for all forms of bird life and for rabbits, squirrels, coons, opossums and other game and fur-bearing animals. The farm woodlot also is a valuable source of feed and an ideal breeding area for small game and birds.

Definite agreements have been made with the Forest Service to provide for the use of the contracted acreage in the great Western Shelterbelt area for for-



est planting. Encouragement has been given to planting farm woodlots and wind-breaks on contracted acreage throughout the United States where adapted.

As the goal of the adjustment program is achieved and some 30,000,000 additional acres of our cultivated land are actually planted to permanent pasture, established meadow crops and farm woodlots, over one-twelfth of our plowed land now devoted to surplus grain and cash crops will be held down by erosion-preventing crops and trees. Those living on the land will reap the reward of a more profitable and permanent agriculture, and the broad interests of national conservation, soil resources, forest and wild life, will be advanced by an improvement in land use. This will result in clearer streams with better regulated flow that will prevent disastrous floods.

A public awakening in conservation matters has been brought about. It is materializing in carefully developed programs of erosion control, reforestation and crop adjustment on a vast scale that leads toward the conservation of our soil fertility and our streams, forests and wild life, serving to increase the profits of farmers on land and to improve the heritage of future generations.

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#### SOLICITOR'S OPINION ON TAX SUITS

Seth Thomas, Solicitor of the Department of Agriculture, advising the Agricultural Adjustment Administration that there is no legal basis for the apprehension that, unless suit for the refund of processing taxes is filed before the passage of the pending amendments in H.R. 8492, some legal right will be lost, or for the belief that the filing of such a suit will create some right.

Mr. Thomas said: "In the first place, Section 3226 of the Revised Statutes specifically provides that no court shall have jurisdiction over a suit to recover taxes until a claim for refund has been filed with the Commissioner of Internal Revenue, and that no suit shall be begun before the expiration of six months from the date of the filing of such claim, unless the Commissioner rejects the claim within that six months. The person claiming the refund is given five years from the date of payment to file his suit and two years from the date of the rejection of his claim. In the second place, the Supreme Court has many times said that the mere bringing of a suit creates no rights. The fact is then that, whether the proposed amendments pass or not, the persons who have filed suits for the refund of processing taxes are in no better position than the persons who have not filed such suits.

"With respect to suits to restrain the collection of processing taxes which have become due and payable, Section 3224 of the Revised Statutes provides that 'no suit for the purpose of restraining the assessment or collection of any tax shall be maintained in any court.' Except in two cases of very unusual hardship, the Supreme Court has up to this time applied this provision literally. The law was very clearly stated by Mr. Justice Reeves, United States District Judge for the Western Division of the District of Missouri, in the case of the Larabee Flour Mills Co. v. Nee, Collector, on June 24, 1935, where, relying on the provisions of law which I have quoted, he refused to enjoin the collection of the processing tax on wheat.



"Taxpayers should not be unmindful of the penalties for wilfull failure to file returns or to pay the taxes when due. The penalty for wilfull failure to file a return is 25 percent of the tax, and the penalty for wilfull failure to pay the tax when due is 5 percent of the tax, to which must be added interest at the rate of 1 percent per month. In addition, any person who wilfully fails to pay such tax is guilty of a misdemeanor and upon conviction thereof shall be fined not more than \$10,000, or imprisoned for not more than one year, or both."

Chester C. Davis, Administrator of the Agricultural Adjustment Administration, said he was giving publicity to Mr. Thomas' opinion in order to reassure any processors who had been led to feel honestly that they should file suits immediately in order to safeguard legal rights, when actually no rights are created by the bringing of these suits.

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#### PROVISION FOR PROCESSING TAX DEPOSITORY

Provision for paying processing taxes, penalties and interest into a depository satisfactory to the government, and under the custody of the court, was made as a condition to the granting of temporary restraining orders pending a decision on the Government's motion to dismiss bills for temporary injunctions, and the parties to the suits were given opportunity to file additional briefs, by Federal District Judge Walter C. Lindley in Federal District Court at Indianapolis on July 2.

The importance of this requirement that taxes, penalties and interest be placed in the custody of the court is that when there have been any extensions of time for payment, all payments immediately become due, and no future extensions may be granted since the taxes as they accrue must be paid into the custody of the court.

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#### FOREST SERVICE MAY USE SHELTERBELT RENTED ACREAGE

The Agricultural Adjustment Administration has announced the completion of an agreement through which the Forest Service in its shelterbelt program may use acres taken out of basic crop production under AAA contracts. Contract signers would continue to receive, for the duration of the contract, regular AAA rental payments for any land thus taken over.

The agreement is permissive only. The Forest Service would use only acres adapted to its shelterbelt project. Farmers will be at liberty to accept or reject the offers of the Forest Service.

The shelterbelt zone is about 100 miles wide. Beginning at the Canadian border, it runs southward about 1,100 miles, through North Dakota, South Dakota, Nebraska, Kansas, Oklahoma and Texas. In summer, hot, dry winds blow from south to north through the zone, drawing surface moisture from the soil. In winter, winds come down from the north. The main object of the shelterbelt



project is to check the sweep of these winds and conserve soil moisture. Tree planting also will help to prevent soil erosion and will meet human needs for shade and protection.

Two phases of the shelterbelt project involve AAA cooperation. They are strip planting and farmstead planting. About 1,300,000 acres would be required for strip planting. The shelterbelt project contemplates that trees would be planted in strips eight rods wide running along east-west lines from one side of the zone to the other. The strips would be spaced about a mile apart. Some gaps and irregularities would be caused by soil conditions, topographical peculiarities, and the wishes of individual land-owners.

The agreement provides not only that the Forest Service, with the consent of signers of AAA adjustment contracts, may use for shelterbelt planting rented acreage retired from basic crop production, but also that in some cases changes in the actual tracts taken out of production will be approved so that the Forest Service may obtain land more suitable than the acres originally retired.

For the duration of the AAA contract, landowners would continue to receive AAA rental payments on areas taken over by the Forest Service, but would receive no extra rental from the Forest Service. The Forest Service would fence the land, supply trees, plant and maintain them. In taking over the land, it would make lease-option agreements to insure control of the land by the Forest Service after expiration of the crop adjustment contract, and to provide for purchase at a stipulated price at a time selected by the Government.

The second phase of the project is farmstead planting, which provides for small woodlots and for trees around farm buildings. It would affect a minimum of 900,000 acres. The Forest Service would agree to supply the trees and plant them. The landowner would agree to keep cattle out and otherwise maintain the new woodland. He would receive AAA rental payments, as in the case of strip planting on acres covered by production control contracts. There would be no provisions for a continuing Forest Service control of farmstead woodlots, or for eventual purchase.

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#### SOUTHERN PURCHASES IN INDUSTRIAL STATES

Carlot shipments, from 16 northeastern industrial states, of industrial and manufactured commodities for use generally in industry, in homes and on farms in 10 states of the agricultural Southeast, were 31.3 percent higher in the year ending June 30, 1934, than in the year ending June 30, 1933, according to a study made by the Agricultural Adjustment Administration.

Figures showing increases in shipments of commodities to the Southeast, for other than general uses, have previously been announced by the Agricultural Adjustment Administration. Shipments of all industrial and manufactured products increased 38.8 percent.

The 10 states in which the industrial commodities were delivered were Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Tennessee, Kentucky and West Virginia.



The 16 states from which these industrial commodities were shipped were Maine, New Hampshire, Vermont, Massachusetts, Connecticut, Rhode Island, New York, Pennsylvania, New Jersey, Delaware, Maryland, Ohio, Michigan, Indiana, Illinois, and Wisconsin.

The first year, ending June 30, 1933, preceded the actual launching of the Agricultural Adjustment Administration and other recovery programs. The second year, ending June 30, 1934, covered a period when these programs were in effect. In the states of the agricultural Southeast, the Agricultural Adjustment Administration had in operation adjustment programs for cotton and tobacco. During the first year in which these adjustment programs were in operation, the cash income of farmers in that region increased 59.9 percent.

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#### NEARLY 3,000,000 VOTES CAST IN AAA REFERENDA

A recapitulation of final figures from the four agricultural referenda held during the last eight months by the Agricultural Adjustment Administration show that the total vote cast was 2,918,678. Of this number, the vote in favor of continuing the agricultural programs was 2,511,109, and the total of those opposing was 407,983. More than 86 percent of the votes cast favored a continuance of the programs. Also, the total vote shows that the percentage of farmers who participated in the several referenda, compared to the total number of those who were eligible to vote, was considerably higher than the usual percentage of eligibles voting in civil elections.

The total vote was divided as follows: In the corn-hog referendum, 535,690; on the Bankhead cotton Act, 1,521,887; on the Kerr-Smith tobacco Act, 394,540; in the wheat referendum, 466,561.

The vote for continuance of the respective programs was: Corn-hogs, 374,585; cotton, 1,361,347; tobacco, 370,907; and wheat 404,270.

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#### NEW MINIMUM PRICES TO CALIFORNIA RAISIN GROWERS

Minimum prices to growers and reserve percentages applicable to the 1935 raisin crop under the terms of the AAA marketing agreement and license for raisins produced in California have been approved. Action was taken upon the recommendations of the Raisin Control Board.

Minimum prices to be paid producers for the 1935 crop will be \$70 a ton for Thompson seedless raisins, \$65 a ton for Sultanas and \$60 a ton for Muscats. These are the same minimum prices which have been in effect for the 1934 crop. The 1935 reserve percentage for each of these varieties has been fixed at 25 percent, compared with 15 percent for the 1934 crop.

The minimum prices are applicable to the "free percentage" or that portion of the raisins acquired by packers from producers which are immediately available



for use by the packers. The reserve percentage of the raisins acquired by packers is turned over to the Control Board and is temporarily withheld from regular marketing channels. The Board disposes of the reserve tonnage for the account of growers, either by selling them to packers when market conditions justify such disposition or by diverting them to by-product channels.

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#### FLORIDA CELERY MARKETING AGREEMENT EXTENDED

An amendment to the marketing agreement for the Florida Celery Industry, changing the termination date of the agreement from July 1, 1935, to December 1, 1935, has been approved by the Agricultural Adjustment Administration. The amendment became effective June 20. The chief purpose of the amendment will be to keep intact the administrative organization of the Florida celery program during the months covered by the period of extension. The industry's control committee of shippers and growers proposed the amendment. Later, shippers approved it almost unanimously.

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